FINANCIAL MARKETS

	Monetary Base		M1		M2		Federal Funds		T-Bills (6 Mos.)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	212.5	212.7	545.6	545.8	2281.4	2281.9	10.52	11.23	10.52	10.52
August	212.7	213.1	546.4	546.7	2290.1	2291.1	10.61	11.64	10.61	10.61
September	215.0	215.0	549.0	548.9	2304.7	2305.8	10.47	11.30	10.47	10.47
October	214.8	214.4	547.5	545.5	2317.8	2317.5	9.47	9.99	9.72	9.87
November	215.5	216.4	550.3	549.4	2330.1	2346.3	9.03	9.43	9.03	8.81
December	216.2	217.4	553.1	554.3	2342.4	2375.5	9.21	8.38	9.21	8.28
January 1985	217.1	220.0*	557.3	558.6*	2361.6	2394.5*	9.48	8.15*	9.48	8.23*
February	218.1	221.5	560.5	562.9	2379.7	2413.0	9.64	8.26	9.64	8.35
March	219.0	222.5	563.6	566.2	2398.8	2429.3	9.80	8.45	9.80	8.61
April	220.7	223.1	566.7	568.7	2413.2	2444.8	9.95	8.42	9.95	8.55
May	222.3	224.0	569.9	571.0	2429.8	2459.0	10.03	8.63	10.03	8.80
June	223.9	224.9	573.1	573.9	2446.3	2479.2	9.90	8.93	9.90	9.03
July	224.9	225.8	577.0	576.9	2466.1	2493.4	9.87	9.10	9.87	9.06
August	225.8	227.1	581.1	579.5	2486.0	2506.3	9.73	8.92	9.73	9.01
September	227.0	228.5	585.1	582.4	2506.1	2522.7	9.59	8.77	9.59	8.91
October	228.0	229.3	586.8	585.3	2518.3	2537.2	9.32	8.95	9.32	9.04
November	229.1	230.7	587.9	588.5	2530.4	2557.4	9.08	8.73	9.08	8.87
December	230.2	232.1	589.0	592.0	2542.6	2574.6	8.84	8.65	8.84	8.70

	Aaa (Seasoned)		Municipals (Bond Buyer)		(3 Month) Commercial Paper		90 Day CD's		Prime Rate	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	13.44	13.44	10.42	10.42	11.19	11.19	11.56	11.56	13.00	13.00
August	12.87	12.87	10.06	9.99	11.18	11.18	11.47	11.47	13.00	13.00
September	12.66	12.66	10.03	10.10	11.04	11.04	11.29	11.29	13.00	13.00
October	12.53	12.63	10.22	10.25	9.82	10.12	10.15	10.38	12.59	12.58
November	12.35	12.29	10.16	10.17	9.75	9.03	10.07	9.18	12.00	11.77
December	12.17	12.13	10.10	9.95	9.83	8.44	10.12	8.60	11.83	11.06
January 1985	12.46	12.15*	10.37	9.63*	10.04	8.06*	10.27	8.27*	11.75	10.59*
February	12.55	12.27	10.48	9.56	10.20	8.31	10.43	8.54	11.50	10.50
March	12.64	12.23	10.52	9.48	10.43	8.52	10.65	8.73	11.50	10.50
April	12.79	12.11	10.62	9.33	10.65	8.55	10.88	8.78	11.56	10.50
May	12.92	12.28	10.79	9.49	10.78	8.72	10.95	8.94	12.12	10.72
June	12.87	12.47	10.64	9.66	10.62	9.03	10.86	9.26	12.50	10.93
July	12.64	12.56	10.39	9.77	10.53	9.15	10.73	9.39	12.50	11.00
August	12.56	12.37	10.30	9.59	10.39	8.93	10.58	9.21	12.50	11.00
September	12.48	12.10	10.18	9.32	10.22	8.68	10.46	8.94	12.50	11.00
October	12.37	12.11	9.98	9.33	10.01	8.79	10.27	9.02	12.33	11.00
November	12.31	11.91	9.92	9.21	9.82	8.65	10.06	8.89	12.00	11.00
December	12.25	11.78	9.80	9.14	9.99	8.63	9.85	8.85	12.00	11.00

Fore. = November Forecast
C.E. = Current Expectations
* = This item and those beyond it are projections.

2/4/85 U1880-3 A

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404/658-3282

MONTHLY PROJECTIONS
JANUARY 1985

Dr. Donald Ratajczak, Director
For Release: January 30, 1985

REDUCED INFLATION MEANS MORE REAL GROWTH

A strong dollar continues to exert downward pressures upon commodity prices in the U. S. Although the PPI increased 1.8% at the finished goods level in 1984, (up from only a 0.6% gain in 1983) prices at all stages of processing rose more slowly than in the previous year. By the end of 1984, prices of crude materials once again were declining. With price moderation also expected in the meat component, inflation should remain mild through the first half of 1985. If the dollar weakens late in the year and increased livestock profitability leads to herd rebuilding by fall, inflation could accelerate at the end of 1985. Nevertheless, continued inflationary moderation has caused such a dramatic slowing in wage gains that any inflationary surge at that time still will be modest. The GNP deflator is projected to increase 3.3% in 1985, a smaller gain than the 3.7% increase for 1984. Consumer prices also are expected to grow at the smallest rate for the twelve months of 1985 since the early 1970s.

These moderate rates of inflation will sharply increase consumer support for the economy through 1985. One consumer problem area is the sharp increase in debt outstanding, which now exceeds 17% of disposable income. By the latter part of 1985, this debt burden probably will slow activity for consumer durables. Nevertheless, consumer spending after adjustment for inflation is expected to increase a normal 4% during the year.

For the year as a whole, housing may not grow more rapidly than in 1984. However, a significant gap between starts and permits for multi-family unit increases the likelihood that a surge in starts will develop during the spring and summer months. A flurry of housing starts in the vicinity of 1.8 million units in the second and third quarters, therefore, should be anticipated.

Fixed investment will be growing rapidly through most of 1985, although a substantial portion of capital goods purchases appear to be coming from foreign suppliers. The relationship between spending on producers' durables and orders for nondefense capital goods has been significantly reduced. However, a surge for nonresidential construction activity, probably to beat any tax code changes, should generate nearly 7% real growth in capital spending during 1985.

The inventory correction that developed early in the fall appears to be over. To a large extent, inventory investments will be a minor image of the pattern that developed in 1984. For the entire year, however, the inventory

component will contribute little to GNP. Also, inventories may once again become excessive late in 1985.

Net exports are expected to fall throughout 1985 after a temporary improvement during the fourth quarter. However, the degree of deterioration in the trade accounts should be only half as dramatic as in the previous year. This will offset the smaller support for GNP generated by inventory changes than in the previous year. By the end of 1985, net exports are expected to stabilize in inflation-adjusted terms, although an anticipated decline in the dollar's value late in the year may continue to generate increasing current account deficits until early 1986.

State and local government spending probably will remain relatively sluggish despite improving budgetary conditions in those governments. Basically, the need for educational personnel and facilities no longer is growing significantly while demographic changes have eased pressures for increasing employment of safety personnel. Construction is expected to grow moderately, although reduced support for transportation systems from the federal government will moderate the rate of expansion in this area. With continuing defense spending, federal expenditures will continue to follow the 4% real rate of growth they experienced in recent years. When all these factors are combined, real economic activity could slightly exceed the 4.0% projections used by the administration. However, economic activity is expected to show a weakening trend late in 1985 and the prospects of recession sometime in 1986 definitely cannot be ruled out.

Quarterly Profile of GNP

	1984-3	1984-4	1985-1	1985-2	1985-3	1985-4
Real:	1.6	3.9	5.3	4.8	4.7	1.9
Price:	3.9	2.4	3.2	3.0	3.9	4.6
Nominal:	5.6	6.4	8.7	7.9	8.8	6.6

Monthly Statistical Highlights for January 1985

Payroll employment +238,000; index of hours worked +0.3%; household employment +228,000; civilian unemployment rate 7.2%; personal income +0.9%; savings rate 5.8%; personal consumption +0.8%; retail sales +1.1%; auto sales 10.7 million; housing starts -0.7%; housing permits -5.2%; construction expenditures -0.9%; business inventories +0.5%; orders for durable goods +0.1%; orders for nondefense capital goods +4.9%; industrial production +0.6%; CPI +0.1%; PPI -0.2%; consumption deflator +0.2%; leading indicators +0.7%; real GNP +3.6%; M1 +7.4%; M2 +9.3%.

Monthly Statistical Highlights for February 1985

Payroll employment +198,000; index of hours worked +0.2%; household employment +260,000; civilian unemployment rate 7.1%; personal income +0.5%; savings rate 5.7%; personal consumption +0.6%; retail sales +0.4%; auto sales 10.7 million; housing starts +2.5%; housing permits -1.6%; construction expenditures +1.1%; business inventories +0.6%; orders for durable goods +1.2%; orders for nondefense capital goods +1.3%; industrial production +0.4%; CPI +0.3%; PPI +0.1%; consumption deflator +0.3%; leading indicator +0.4%; real GNP +2.9%; M1 +12.0%; M2 +11.4%.

COMMENTARY

Employment - Despite a 0.1 percentage point increase in unemployment rates during December, a large discrepancy still exists between the insured unemployment rate and the household estimate of unemployment. In the latest week, the insured unemployment rate stood at 2.9%, a rate that could be translated into nearly a 7.5% household estimate of unemployment. However, labor force growth for teenagers and adult women already returned to more normal patterns following unusually sluggish growth earlier in 1984. Certainly, the teenage participation rate remains surprisingly low but the surveys show no tendencies for these rates to significantly improve in recent months. Strong employment growth persists in services and transportation, but weakness in retail and construction could cause a slight increase in the unemployment rate. Certainly, the workweek should be slightly shorter than in December, when manufacturing hours increased by 0.2 hours.

Personal Income & Outlays - It is becoming increasingly clear that the retail sales estimates, especially in the automobile component, are providing little guidance of consumer behavior. The outlays estimate of the personal income report clearly showed a significant surge in automobile sales that unit sales implied for the month of December. It is possible that retail sales will show a significant gain in auto sales in January, despite some sluggish unit sales activity in mid-month. However, the more reliable outlays almost certainly will show a modest decrease in durable expenditures. On the other hand, the services component showed minimal growth in December as a result of an exceptionally mild weather month generating lower than anticipated utility purchases. In January, an unusually cold month will significantly accelerate utility purchases. In addition, a significant acceleration in stock market volume will sharply increase the financial services component. Therefore, personal consumption should grow sharply in January.

Normally, personal income grows minimally in January as Social Security tax changes are added in that month. While Social Security taxes continue to grow rapidly, and will be restraining personal income, a change in the disbursement schedule for railroad retirees depressed December personal income by 0.3 percentage points and will add a like percentage gain to personal income in January. Moreover, wage gains should be strong, leading to a surprisingly strong gain for personal income during the month. Aiding disposable income will be the factoring of reduced tax liabilities as a result of indexation provision on 1985 incomes. Thus, this sharp acceleration in consumer spending at the service level will not significantly reduce personal savings.

Construction - If favorable weather aided housing activity and construction outlays in December, unfavorable weather almost certainly will stall activity in January. However, declining mortgage rates probably will preserve reasonable strength in single-family starts. Tax reform may be sufficiently delayed to encourage builders to utilize their rapidly accumulating backlog of multi-family permits. As a result, housing starts are expected to accelerate sharply in the spring and early summer months before the build-out of multi-family units begins to subside late in the year.

Much sharper gains in nonresidential construction have been projected following a weather-induced decline in January because of the renewed surge in orders for such construction products. This acceleration of orders also may be a build-out prior to possible tax changes. While construction undoubtedly will

be supporting economic expansion in 1985, our projections show strength stalling late in the year and actually reversing early in 1986.

This stronger pattern for construction has led to some upward revision in the implicit construction deflator. This construction deflator is expected to increase by 4.3% during the twelve months of 1985.

Business Activity - Orders for nondefense capital goods once again fell sharply below shipments in December. This shrinkage in backlog has not slowed the growth of shipments. Apparently, the industry is behaving as if the orders are only temporarily sluggish. Our analysis suggests that orders should rebound in 1985, but orders should be tapering off by the end of the year. Under these conditions, shipments are anticipated to expand by 8.0%, of which less than 2.5% will be the result of price changes. Defense shipments are expected to grow sharply, both because of previous contracting and also because no significant reduction in the growth of defense outlays is anticipated.

Both manufacturing and business inventories are expected to grow more modestly in 1985 than in 1984. However, substantial slowing in inventory accumulation during past fourth quarter is at an end.

Industrial production was weaker than anticipated by the hours worked in December, but the weakness resided in a 0.9% decline in contribution by utilities. A shift in the weather during January will cause utilities to generate increasing support for industrial production, even if hours worked grow at a reduced rate. After January, however, slower growth in industrial production, especially for consumer goods in the first half of 1985, followed by industrial materials later in the year, is anticipated. By the end of the year, business equipment also may be showing only modest gains as measured by industrial production.

Prices - Moderation in meat prices and declining oil prices should combine to generate minimal changes in commodity inflation through the first half of 1985. Our projections show that finished goods may experience only a 0.3% price increase during the first half of 1985. Some acceleration in commodity inflation then is anticipated in the latter part of the year. Of course, the dollar is expected to remain relatively strong until late in the year as well. This moderation in commodity inflation will be reflected in the CPI, which may expand only 3.5% in the twelve months of 1985, down from the 4.0% in 1984.

Obviously, such moderation in commodity inflation will be reflected in the consumer durable and nondurable price deflators. In addition, slower growth in the CPI than originally anticipated should restrain wage gains and moderate inflationary pressures for consumer services. Consumer services should experience price increases of only 5.2% in 1985. Consumer nondurables should show gains of 1.8%, virtually all of which will occur in the second half of the year. More aggressive pricing for automobiles will be partially offset by significant price sluggishness for other consumer durables. As a result, prices for all consumer durables should expand a moderate 2.7% during the year.

Continuing moderation in consumer prices will lead to even lower gains for the GNP deflator during 1985 than in 1984.

Miscellaneous - Although the leading indicators should only show a modest rate of increase in December following a dramatic surge in November, improving orders

for capital goods and consumer goods, a strong stock market, and surprisingly strong gains in inflation-adjusted monetary measures will continue to generate strong increases in the indicators through the early months of 1985. Our analysis suggests that orders will grow at a reduced rate, building permits will begin declining, and the stock market may turn in a weak performance during the latter part of 1985. This explains why the indicators reach their annual high in the summer quarter.

Financial Markets

Short-term interest rates have stabilized in January. No further significant declines are anticipated. Money demand is beginning to intensify, leading to projections of modest upward trends in short-term rates in the next few months. However, rates for commercial paper continue to remain below the federal funds rate. This suggests that demand conditions only grudgingly are improving. For that reason, the upward trend in short-term interest rates is not expected to be vigorous.

Surprisingly, only the municipals market initially rallied because of favorable activity in the short-term market. Indeed, municipal rates were artificially distorted upward by a surprising supply during the fall. Their ratio relative to seasoned AAA's has once again declined to the .78 range. Little further relative improvement now is expected in the municipals market. However, other long-term interest rates fell sharply once inflationary conditions appeared to have improved. While long-term interest rates probably will rebound slightly when short-term interest rates begin trending upward, no significant slippage in bond prices is anticipated in 1985. Indeed, long-term interest rates might be lower at the end of the year than they currently are, although our projections do not yet show that eventuality.

Equity Markets - Equity markets currently are being favored by two developments. First, the decline in long-term interest rates should raise the market value of a prevailing earnings stream by more than 5%. Second, stronger economic growth early in 1985 than previously anticipated should lead to more favorable productivity gains than originally projected. This, in turn, should hold down unit labor costs. As a result, corporate profitability should expand significantly. Operating profits less taxes will increase about 8% in 1985. With a 5-7% improvement in long-term interest rates and with only a minor offset from the increased supply of equity ownership, equity values should increase more than 10%. Virtually all this increase should occur early in 1985. The New York composite index might reach 110 during the spring. Weakness in the stock market then is expected in the latter part of 1985.

EMPLOYMENT

	Payroll Employment		Index of Hours Worked		Household Civilian Employment		Civilian Unemployment Rate		Hourly Earnings Index	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	94350	94350	112.6	112.6	105395	105377	7.5	7.5	160.8	160.8
August	94532	94523	112.6	112.7	105969	105148	7.5	7.5	160.6	160.6
September	94671	94807	113.2	113.4	105239	105394	7.4	7.4	161.7	161.6
October	95195	95154	113.3	113.2	105655	105649	7.4	7.3	162.0	161.3
November	95317	95489	113.5	114.0	105820	105932	7.4	7.1	162.4	162.0
December	95478	95798	113.8	114.5	106012	106273	7.5	7.2	162.8	163.0
January 1985	95622	96036*	113.9	114.8*	106307	106501*	7.4	7.2*	163.5	163.3*
February	95811	96234	114.1	115.0	106629	106761	7.3	7.1	164.2	163.8
March	96015	96410	114.2	115.2	106948	106988	7.2	7.0	164.9	164.4
April	96193	96669	114.4	115.5	107126	107293	7.2	6.8	165.5	164.9
May	96328	96861	114.7	115.7	107378	107544	7.1	6.8	166.0	165.5
June	96463	97120	115.0	116.0	107622	107834	7.1	6.7	167.3	166.1
July	96605	97303	115.1	116.2	107765	108009	7.1	6.7	168.1	166.8
August	96779	97479	115.2	116.4	107900	108290	7.1	6.6	168.8	167.5
September	96953	97579	115.3	116.5	108035	108479	7.1	6.6	169.4	168.1
October	97065	97763	115.4	116.7	108192	108765	7.0	6.5	169.4	168.8
November	97154	97863	115.6	116.8	108326	108926	7.1	6.5	170.1	169.4
December	97242	97972	115.8	116.9	108455	109071	7.1	6.5	170.9	170.1

PERSONAL INCOME

	Personal Income		Wage & Salary		Personal Savings		Disposable Income		Personal Outlays	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	3.027	3.028	1.812	1.812	158.5	158.7	2.587	2.589	2.428	2.430
August	3.045	3.046	1.816	1.817	174.2	174.3	2.603	2.605	2.429	2.431
September	3.071	3.068	1.828	1.829	161.5	159.2	2.625	2.625	2.463	2.466
October	3.087	3.082	1.835	1.831	160.9	178.9	2.636	2.636	2.475	2.458
November	3.106	3.102	1.848	1.845	147.9	169.2	2.649	2.651	2.501	2.482
December	3.125	3.118	1.858	1.863	143.9	150.5	2.662	2.661	2.518	2.511
January 1985	3.134	3.146*	1.870	1.875*	135.1	156.3*	2.671	2.687*	2.536	2.531*
February	3.148	3.163	1.879	1.884	131.4	154.8	2.685	2.701	2.554	2.546
March	3.163	3.181	1.888	1.894	134.3	152.8	2.701	2.715	2.567	2.562
April	3.181	3.200	1.898	1.905	127.1	159.1	2.715	2.731	2.588	2.572
May	3.201	3.217	1.909	1.915	122.4	156.2	2.729	2.744	2.607	2.588
June	3.220	3.237	1.921	1.927	128.7	153.7	2.744	2.759	2.615	2.605
July	3.241	3.256	1.931	1.938	129.1	150.5	2.760	2.773	2.631	2.623
August	3.261	3.276	1.942	1.949	130.0	153.4	2.776	2.788	2.646	2.635
September	3.280	3.293	1.952	1.958	129.0	154.6	2.793	2.804	2.664	2.649
October	3.299	3.314	1.963	1.970	126.5	159.0	2.810	2.822	2.684	2.663
November	3.318	3.331	1.973	1.979	119.6	153.9	2.821	2.835	2.701	2.681
December	3.339	3.349	1.984	1.989	117.8	151.7	2.833	2.849	2.715	2.697

Fore. = November Forecast
C.E. = Current Expectations
* = This item and those beyond it are projections.

CONSUMPTION

	Personal Consumption		Durables		Nondurables		Services		Consumption Real	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	2348.7	2350.5	320.2	320.2	859.2	859.2	1169.2	1171.1	1064.8	1066.1
August	2347.8	2350.1	313.6	313.2	856.1	853.5	1181.8	1183.4	1058.5	1059.5
September	2381.3	2383.7	318.1	318.2	874.5	871.6	1188.7	1193.8	1070.3	1072.2
October	2391.7	2374.2	319.5	318.1	876.9	862.6	1195.3	1193.5	1070.6	1065.1
November	2416.5	2396.9	325.8	322.8	884.7	869.1	1206.0	1204.9	1077.4	1074.7
December	2432.3	2424.9	327.6	333.4	888.0	884.5	1216.7	1207.1	1080.5	1087.8*
January 1985	2449.9	2443.7*	330.5	332.8*	893.5	890.4*	1225.9	1220.5*	1084.5	1094.3
February	2466.4	2458.2	332.4	334.0	898.8	895.6	1235.2	1228.6	1088.0	1098.0
March	2478.5	2473.1	330.7	337.0	903.2	899.4	1244.6	1236.7	1089.5	1101.2
April	2498.7	2481.8	332.8	337.1	910.8	900.5	1255.1	1244.2	1094.5	1103.5
May	2516.4	2496.8	335.3	338.2	915.3	905.3	1265.8	1253.3	1097.9	1106.6
June	2524.2	2513.3	334.5	340.3	914.7	910.6	1275.0	1262.4	1097.0	1110.5
July	2538.8	2529.4	335.0	340.6	919.5	915.2	1284.3	1273.6	1098.6	1114.3
August	2553.1	2540.4	333.7	339.3	925.8	919.4	1293.6	1281.7	1100.0	1115.2
September	2570.1	2554.1	334.5	338.3	934.2	925.1	1301.4	1290.7	1103.0	1117.0
October	2588.6	2566.7	336.3	338.0	939.7	928.8	1312.6	1299.9	1105.8	1118.5
November	2605.6	2583.7	337.5	340.7	944.3	933.7	1323.8	1309.3	1107.8	1121.6
December	2618.5	2598.9	337.5	343.2	945.9	936.9	1335.1	1318.8	1108.1	1124.0

RETAIL SALES

	Retail Sales		Non-Auto Durables		Auto (Million Units)		Nondurable Sales		Auto Sales	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	107.44	107.44	15.44	15.44	10.6	10.6	69.99	69.99	22.02	22.02
August	106.81	106.61	15.58	15.60	9.9	10.0	70.15	69.83	21.08	21.08
September	108.52	108.24	15.52	15.77	10.2	10.2	71.64	71.19	21.36	21.28
October	108.88	108.73	15.57	15.89	10.0	9.7	71.84	70.32	21.47	22.52
November	110.25	110.90	15.44	16.29	10.4	9.8	72.48	71.61	22.33	23.01
December	111.00	110.82	15.40	16.47	10.8	11.0	72.75	71.88	22.85	22.47
January 1985	111.72	112.02*	15.46	16.38*	10.8	10.7*	73.20	72.35*	23.06	23.29*
February	112.37	112.44	15.45	16.44	10.8	10.7	73.63	72.63	23.29	23.37
March	112.33	113.11	15.48	16.61	10.6	10.8	73.89	72.94	22.96	23.56
April	113.26	113.21	15.43	16.67	10.8	10.7	74.41	73.03	23.42	23.51
May	113.95	113.73	15.52	16.77	10.9	10.8	74.78	73.42	23.65	23.54
June	113.61	114.41	15.50	16.84	10.7	10.9	74.83	73.85	23.28	23.72
July	114.16	114.82	15.57	16.85	10.7	10.8	75.22	74.22	23.36	23.75
August	114.43	115.00	15.91	16.92	10.4	10.6	75.74	74.56	22.78	23.52
September	115.21	115.35	15.89	16.95	10.4	10.5	76.43	75.03	22.89	23.37
October	115.87	115.62	15.89	17.02	10.5	10.4	76.88	75.33	23.10	23.27
November	116.39	116.55	15.97	17.15	10.5	10.5	77.26	75.94	23.16	23.46
December	116.41	117.11	16.14	17.22	10.3	10.5	77.49	76.20	22.78	23.69

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CONSTRUCTION

	Housing Starts		Single Family Starts		Housing Permits		Construction Expenditures (Current)		Construction Expenditures (Real)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	1.754	1.754	0.990	0.990	1.565	1.565	311.2	314.2	191.0	192.4
August	1.539	1.539	0.932	0.932	1.506	1.506	311.6	318.0	190.9	194.2
September	1.676	1.683	1.009	1.016	1.424	1.440	312.5	318.7	191.0	193.8
October	1.596	1.535	0.968	0.964	1.397	1.418	313.9	318.8	191.4	194.7
November	1.582	1.554	0.985	1.009	1.406	1.591	314.9	322.2	191.5	196.4
December	1.562	1.587	0.984	1.064	1.411	1.588	316.0	326.4	191.6	198.3
January 1985	1.531	1.576*	0.963	1.040*	1.385	1.506*	315.0	323.3	190.7	195.8
February	1.542	1.616	0.951	1.063	1.371	1.482	313.4	327.0	189.4	197.5
March	1.523	1.659	0.943	1.091	1.352	1.508	311.0	329.9	187.6	198.5
April	1.548	1.759	0.968	1.116	1.379	1.546	313.8	332.8	188.6	199.5
May	1.569	1.815	0.997	1.143	1.401	1.582	317.0	337.8	189.8	201.8
June	1.599	1.897	1.017	1.186	1.443	1.623	320.0	342.1	190.9	203.6
July	1.637	1.927	1.043	1.203	1.502	1.667	323.9	347.2	192.8	205.8
August	1.678	1.838	1.056	1.171	1.509	1.625	327.3	350.1	194.2	206.2
September	1.734	1.798	1.069	1.154	1.543	1.611	329.7	350.4	195.2	206.4
October	1.762	1.800	1.118	1.172	1.558	1.622	333.9	350.8	197.0	205.9
November	1.801	1.760	1.173	1.143	1.579	1.598	336.8	350.9	198.0	205.1
December	1.846	1.726	1.227	1.118	1.608	1.573	339.7	352.3	198.9	205.2

	Non-Residential Construction		Public Construction		Residential Construction	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	119.7	120.4	56.2	56.0	135.3	137.8
August	120.0	122.3	56.2	56.8	135.4	138.9
September	121.3	123.8	56.7	57.8	134.5	137.1
October	122.6	126.8	57.3	56.9	134.0	135.1
November	123.9	130.7	57.8	56.9	133.2	134.6
December	125.1	132.3*	58.4	58.0*	132.5	136.0*
January 1985	125.6	131.6	58.8	57.4	130.6	134.3
February	125.9	133.2	59.0	57.9	128.5	135.9
March	126.2	134.9	58.4	58.4	126.4	136.6
April	127.0	136.3	59.0	58.9	127.8	137.6
May	127.9	138.5	59.8	59.4	129.3	139.9
June	128.5	139.7	60.6	60.0	130.9	142.4
July	129.6	141.5	60.9	60.3	133.4	145.4
August	130.0	142.3	60.8	60.8	136.5	147.0
September	128.8	142.2	60.8	61.1	140.1	147.1
October	129.7	143.5	61.5	61.3	142.7	146.0
November	130.9	144.3	61.7	61.5	144.2	145.1
December	132.1	145.0	61.8	61.9	145.8	145.4

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BUSINESS ACTIVITY

	Manufacturers' Inventories		Durable Goods Orders		Non-Defense Capital Goods Orders		Non-Defense Capital Shipments	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	280.0	280.0	101.70	101.70	27.65	27.65	25.86	25.86
August	283.5	283.5	102.02	102.02	26.50	26.50	26.05	26.05
September	285.2	285.2	97.61	98.68	27.10	27.84	27.46	27.74
October	287.8	286.4	95.63	96.07	26.25	25.38	27.05	26.54
November	290.3	285.5	97.26	104.04	27.03	27.13	27.23	27.29
December	292.6	286.7*	98.41	101.89	27.49	25.75	27.41	27.76
January 1985	294.8	288.3	99.53	103.01*	27.63	27.01*	27.86	27.93*
February	296.9	289.9	99.96	104.26	27.99	27.36	28.01	28.05
March	299.5	291.3	98.27	106.64	28.05	28.21	28.17	28.17
April	301.4	293.2	100.05	105.87	28.07	28.16	28.32	28.21
May	303.9	295.0	100.83	106.92	28.15	28.56	28.49	28.43
June	306.5	297.6	101.26	107.13	27.92	28.69	28.66	28.62
July	309.0	300.4	100.95	108.15	27.84	29.03	28.79	28.89
August	311.2	301.8	101.83	108.22	28.06	29.17	28.91	29.05
September	313.2	303.7	102.27	108.67	28.55	29.31	29.06	29.31
October	315.2	305.8	103.36	107.87	28.52	29.15	29.37	29.56
November	317.4	307.5	103.35	108.25	28.52	29.20	29.47	29.87
December	319.9	309.4	104.42	108.62	28.69	29.28	29.58	29.98

	Business Inventories		Defense Shipments		Industrial Production		Capacity Utilization	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	551.2	551.2	5.99	5.99	165.8	165.9	82.7	82.7
August	556.2	556.2	6.13	6.13	166.1	166.0	82.6	82.6
September	558.5	560.4	5.88	6.14	165.1	165.0	81.9	81.9
October	564.6	563.8	6.15	6.35	165.6	164.5	82.0	81.5
November	567.8	564.2	6.31	6.28	166.4	165.2	82.2	81.6
December	571.9	567.0*	6.47	6.43	167.0	166.2	82.4	81.9
January 1985	576.3	569.9	6.56	6.56*	167.0	167.2*	82.2	82.2*
February	580.7	573.3	6.64	6.72	166.9	167.9	82.0	82.4
March	584.9	576.4	6.71	6.85	167.4	168.3	82.1	82.5
April	588.7	580.0	6.86	6.83	167.8	169.0	82.1	82.7
May	592.5	583.9	6.95	6.98	168.2	169.9	82.2	82.9
June	597.9	589.2	6.95	7.06	168.5	170.8	82.2	83.2
July	602.5	594.7	7.13	7.15	168.9	171.3	82.3	83.3
August	606.4	597.9	7.39	7.25	169.2	171.6	82.3	83.3
September	610.8	602.0	7.42	7.33	169.5	172.0	82.3	83.4
October	614.7	606.1	7.49	7.46	169.8	172.3	82.3	83.4
November	618.8	609.8	7.55	7.53	170.3	172.5	82.4	83.3
December	622.0	613.6	7.62	7.64	170.7	172.6	82.5	83.1

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MISCELLANEOUS

	Merchandise Trade Balance		Leading Indicators		Estimated GNP		Estimated GNP (1972 $)		IVA (annual rate)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July	-14.06	-14.06	163.7	163.9	3690	3685	1648	1647	1.8	1.5
August	-9.86	-9.86	164.5	164.0	3703	3698	1650	1648	0.3	-0.3
September	-11.31	-12.65	164.4	165.4	3711	3695	1651	1642	-0.3	-0.3
October	-11.85	-9.18	164.3	164.5	3739	3721	1656	1649	1.6	1.5
November	-12.02	-9.94	164.9	166.6	3760	3753	1658	1661	3.5	1.0
December	-11.09	-10.31*	165.6	167.1*	3789	3784	1663	1673	5.1	3.2
January 1985	-12.06	-10.65	165.9	168.3	3808	3810	1663	1678	5.5	4.6
February	-12.29	-11.73	166.4	169.0	3833	3830	1670	1682	5.9	4.0
March	-12.55	-11.21	167.3	169.6	3859	3854	1677	1688	5.9	1.7
April	-12.85	-11.84	167.7	170.2	3882	3877	1680	1695	4.7	0.2
May	-12.62	-12.26	167.6	171.1	3903	3904	1683	1702	5.2	3.7
June	-12.43	-12.43	167.5	171.3	3925	3937	1686	1711	5.7	5.3
July	-12.55	-12.21	168.2	172.0	3950	3966	1690	1719	6.6	5.6
August	-12.48	-11.85	168.5	171.8	3974	3989	1694	1722	8.3	7.1
September	-12.40	-11.62	168.9	172.1	4000	4011	1698	1726	10.0	7.8
October	-12.56	-11.27	168.8	171.7	4026	4028	1702	1727	11.7	8.9
November	-12.50	-11.43	169.5	171.8	4051	4053	1705	1730	13.0	10.2
December	-12.04	-10.87	170.4	171.5	4077	4080	1710	1735	14.3	10.0

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PRICES

	CPI-U (seasonally adjusted)		PPI Finished Goods (seasonally adjusted)		PPI-Industrial Commodities (unadjusted)		Estimated GNP Deflator	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	311.0	311.0	292.2	291.9	324.0	323.9	223.85	223.80
August	312.4	312.4	291.9	291.9	323.5	323.3	224.39	224.43
September	313.6	313.5	291.3	291.4	322.3	322.3	224.84	225.08
October	314.5	314.6	292.2	290.9	324.0	323.2	225.80	225.60
November	315.8	315.3	293.0	292.4	324.7	323.8	226.81	225.95
December	317.0	315.8	293.8	292.7	325.3	323.0	227.80	226.16
January 1985	318.0	316.2*	294.7	292.1*	326.0	322.3*	228.93	227.11
February	319.1	317.0	295.7	292.5	326.6	322.8	229.51	227.65
March	320.2	317.9	296.6	293.1	327.2	323.4	230.09	228.37
April	321.4	318.3	297.3	292.5	327.0	323.0	231.02	228.73
May	322.6	319.3	298.4	292.9	328.0	323.7	231.90	229.41
June	323.9	320.3	299.6	293.5	328.6	324.2	232.78	230.09
July	325.4	321.3	300.7	294.1	329.4	324.8	233.70	230.75
August	326.9	322.4	301.9	294.7	330.1	325.2	234.62	231.64
September	328.3	323.6	303.1	295.2	330.8	324.9	235.54	232.41
October	329.7	324.7	304.6	295.7	332.4	326.6	236.60	233.27
November	331.1	325.9	305.8	296.5	332.8	327.2	237.54	234.23
December	332.5	327.0	307.1	297.1	333.3	327.8	238.47	235.11

	Consumption Deflator		Consumer Durables		Consumer Nondurables		Consumer Services		Implicit Construction Deflator	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	220.6	220.5	179.4	179.4	216.9	216.9	238.5	238.3	162.9	163.3
August	221.8	221.8	179.2	179.2	218.3	218.2	239.8	239.7	163.2	163.8
September	222.5	222.3	179.1	179.0	218.6	218.4	241.0	241.0	163.6	164.4
October	223.4	222.9	180.3	178.4	219.3	219.6	242.1	241.4	164.0	163.7
November	224.3	223.0*	181.3	178.4	219.9	219.2	243.3	242.3	164.4	164.1
December	225.1	222.9	182.2	178.4	220.4	219.2	244.4	242.7	164.9	164.6
January 1985	225.9	223.3	182.7	178.6	220.9	218.9	245.7	243.5	165.2	165.1
February	226.7	223.9	182.9	179.2	221.4	219.0	246.9	244.4	165.5	165.6
March	227.5	224.6	183.0	179.9	221.9	219.4	248.0	245.4	165.8	166.2
April	228.3	224.9	183.3	179.6	222.6	219.2	249.3	246.4	166.4	166.8
May	229.2	225.6	183.1	180.1	223.1	219.5	250.7	247.5	167.0	167.4
June	230.1	226.3	183.7	180.6	223.5	219.9	252.0	248.5	167.6	168.0
July	231.1	227.0	184.0	181.0	224.3	220.3	253.3	249.4	168.0	168.7
August	232.1	227.8	184.4	181.3	225.2	220.7	254.7	250.6	168.5	169.3
September	233.0	228.7	184.8	181.7	226.1	221.3	256.0	251.7	168.9	169.8
October	234.1	229.5	185.2	182.2	226.9	221.8	257.4	252.8	169.5	170.4
November	235.2	230.4	185.7	182.7	227.7	222.5	258.8	254.0	170.1	171.1
December	236.3	231.2	186.2	183.3	228.5	223.2	260.2	255.1	170.8	171.1

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FINANCIAL MARKETS

	Monetary Base		M1		M2		Federal Funds		T-Bills (6 Mos.)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	212.5	212.7	545.6	545.8	2281.4	2281.9	10.52	11.23	10.52	10.52
August	212.7	213.1	546.4	546.6	2290.1	2291.0	10.61	11.64	10.61	10.61
September	215.0	215.0	549.0	548.9	2304.7	2305.8	10.47	11.30	10.47	10.47
October	214.8	214.4	547.5	545.5	2317.8	2317.4	9.47	9.99	9.72	9.87
November	215.5	216.4	550.3	549.4	2330.1	2346.5	9.03	9.43	9.03	8.81
December	216.2	217.4	553.1	554.3	2342.4	2375.9	9.21	8.38	9.21	8.28
January 1985	217.1	219.0*	557.3	557.6*	2361.6	2393.6*	9.48	8.36*	9.48	8.03*
February	218.1	220.3	560.5	562.9	2379.7	2415.2	9.64	8.07	9.64	7.84
March	219.0	221.9	563.6	566.5	2398.8	2433.5	9.80	8.18	9.80	7.72
April	220.7	223.0	566.7	569.3	2413.2	2450.8	9.95	8.27	9.95	7.59
May	222.3	224.0	569.9	572.3	2429.8	2466.5	10.03	8.42	10.03	7.91
June	223.9	225.1	573.1	575.1	2446.3	2485.3	9.90	8.65	9.90	8.29
July	224.9	225.9	577.0	577.6	2466.1	2502.7	9.87	8.77	9.87	8.36
August	225.8	226.8	581.1	579.9	2486.0	2519.3	9.73	8.65	9.73	8.17
September	227.0	228.0	585.1	582.5	2506.1	2537.2	9.59	8.82	9.59	8.46
October	228.0	229.1	586.8	584.9	2518.3	2554.0	9.32	8.70	9.32	8.16
November	229.1	230.4	587.9	588.2	2530.4	2571.8	9.08	8.82	9.08	8.29
December	230.2	231.7	589.0	592.0	2542.6	2589.8	8.84	8.92	8.84	8.38

	Aaa (Seasoned)		Municipals (Bond Buyer)		(3 Month) Commercial Paper		90 Day CD's		Prime Rate	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
July 1984	13.44	13.44	10.42	10.42	11.19	11.19	11.56	11.56	13.00	13.00
August	12.87	12.87	10.06	9.99	11.18	11.18	11.47	11.47	13.00	13.00
September	12.66	12.66	10.03	10.10	11.04	11.04	11.29	11.29	13.00	13.00
October	12.53	12.63	10.22	10.25	9.82	10.12	10.15	10.38	12.59	12.58
November	12.35	12.29	10.16	10.17	9.75	9.03	10.07	9.18	12.00	11.77
December	12.17	12.13	10.10	9.95	9.83	8.44	10.12	8.60	11.83	11.06
January 1985	12.46	12.09*	10.37	9.45*	10.04	8.02*	10.27	8.16*	11.75	10.62*
February	12.55	11.74	10.48	9.16	10.20	7.93	10.43	8.18	11.50	10.28
March	12.64	11.69	10.52	9.12	10.43	7.86	10.65	8.08	11.50	10.25
April	12.79	11.86	10.62	9.25	10.65	7.89	10.88	8.13	11.56	10.25
May	12.92	11.93	10.79	9.32	10.78	8.08	10.95	8.36	12.12	10.25
June	12.87	12.07	10.64	9.48	10.62	8.43	10.86	8.72	12.50	10.43
July	12.64	12.31	10.39	9.62	10.53	8.59	10.73	8.81	12.50	10.50
August	12.56	12.13	10.30	9.49	10.39	8.62	10.58	8.85	12.50	10.50
September	12.48	12.37	10.18	9.69	10.22	8.73	10.46	8.99	12.50	10.82
October	12.37	12.11	9.98	9.53	10.01	8.65	10.27	8.91	12.33	11.00
November	12.31	12.19	9.92	9.60	9.82	8.76	10.06	9.03	12.00	11.00
December	12.25	12.26	9.80	9.72	9.99	9.03	9.85	9.32	12.00	11.21

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